



# Rob Hutton

---

STATE REPRESENTATIVE • 13<sup>TH</sup> ASSEMBLY DISTRICT

January 24, 2017

To: The Assembly Committee on Labor  
From: Rep. Rob Hutton  
Re: Assembly Bill 24

## **Testimony of Rep. Rob Hutton in Support of Assembly Bill 24**

Mr. Chairman and members of the committee, thank you for giving Assembly Bill 24 the opportunity for a public hearing. Over the past several months there has been much discussion and education on what project labor agreements (PLA) are and their applicability to public works projects. This public hearing format is the appropriate venue for explaining their use and effects on the construction industry.

This is a straight forward piece of legislation that establishes neutrality in the government bidding process. The bill says that government can neither require nor prohibit the use of PLAs as a condition to win a bid for a public construction project. It does not ban the use of PLAs should the winning contractor and government entity agree to enter into one. That will remain the right of those firms should they find a labor agreement helpful in fulfilling the labor obligations of that respective project.

Requiring PLAs discourage many contractors from participating in public construction RFPs. With a PLA requirement those contractors and sub-contractors, who are otherwise well qualified, often have to concede participating in the bid process due to the unnecessary weight of supporting additional workers, added pension obligations, and prohibitive work site rules. In addition, the work environment can become unmanageable as current well qualified workers are displaced for those recruited to meet PLA obligations. To most of these firms, maintaining two work forces is both impractical and financially unfeasible.

The intent of this legislation is to promote government neutrality in the bidding process by allowing for the market to have a greater impact on determining which firm is right for the job. Removing these requirements at the front end allows for a standard basis at which more firms operate. This drives additional competition for these public works projects allowing the government to assess different costs, quality, and proposed innovations. As with private sector projects, when we allow for added competition we encourage more variety in design and construction to drive the best value for stakeholders and their dollars that fund the projects.

Since 2009 20 states have made similar reforms to promote government neutrality. By adding Wisconsin to this list, we will continue in our effort in reducing barriers that prevent businesses from participating in the economy. Removing outdated barriers and encouraging greater participation is a win for Wisconsin's construction industry, for Wisconsin's economy, for Wisconsin's taxpayers.

Thank you for the opportunity to introduce this bill this morning. I ask for support from the committee and am happy to answer any questions you may have.



**Wisconsin State AFL-CIO**  
6333 W. Bluemound Road, Milwaukee, WI 53213  
Phone: 414-771-0700, Fax: 414-771-1715, wisafclcio.org  
President: Phil Neuenfeldt, Secretary-Treasurer: Stephanie Bloomingdale

Stephanie Bloomingdale  
Wisconsin State AFL-CIO  
In Opposition to AB 24  
January 24, 2017

Good morning Mr. Chairman and members of the Committee. My name is Stephanie Bloomingdale and I am the Secretary-Treasurer of the Wisconsin State AFL-CIO. I appear before you today on behalf of our members to oppose AB 24.

Project Labor Agreements have built America. Indeed, looking back throughout our Nation's history Project Labor Agreements were used to build Disney World, the Hoover Dam, and - in our own back yard - the Bucks Stadium and the Marquette Interchange, which was a highly complicated project that was successfully completed on-time and under budget. That is because there was a high level of cooperation between all of its partners. I live downtown Milwaukee and drive on the Marquette Interchange every day. I appreciate the Marquette Interchange's structure - both efficient and elegant structure.

With the knowledge of Project Labor Agreements used both here in Wisconsin and throughout the nation, why would anyone wish for local governments to be restrained from using this important tool that sees to projects being done on time, on budget, while putting local people to work? That is the question that needs to be sincerely thought about here today as you make decisions that will affect the future of our building projects and how healthy our middle class will be.

I am here not only to voice opposition to this specific piece of anti-worker legislation, but to convey on behalf of the hard-working men and women of Wisconsin State AFL-CIO our profound disappointment that in the face of the many challenges facing our State, this body has chosen to open the new session with a bill of this sort.

We are, indeed, disappointed but not surprised. Since the majority party took control of the legislature, we have seen a seemingly endless succession of legislation designed to usurp local control and disempower Wisconsin's working families, while giving unfair advantage to those who benefit from our labor. Stripping public sector workers of their collective bargaining rights, enacting so-called "right to work" legislation, undermining prevailing wage agreements, and now this attack on project labor agreements, all cynically labeled as "reforms".

We all remember Governor Walker's promises regarding job creation in our State. Those promises were made in 2010; we still have not come anywhere close to achieving his promises. Then, on January 5 of this very year - just 19 days ago - Governor Walker called for a Special Session for opioid addiction. We have people dying at unprecedented levels because of their addiction to opioids and heroin. Surely, this is a problem that needs our attention immediately.

But yet what is the first major issue that has received a hearing in the Legislature? It's another attack on our communities, our workers, and our middle class. So now rather than dealing with an epidemic that has infected communities around our State, we are here today creating more damage to working people and our middle class.

Governor Walker has time and time made promises to justify his anti-worker agenda as necessary so-called "reforms". The dictionary tells us to "reform" something is to make changes in order to improve it. I challenge the members of this committee to explain to Wisconsin voters how these changes have improved the lives of working families in our state when, according to U.S. Bureau of Labor Statistics, Wisconsin has trailed the national average in job creation every year since 2011.

And now certain members of the majority party propose another so-called "reform", taking away local governments' ability to use a project labor agreement to complete important projects. What does a Project Labor Agreement do? Simply put, it is a tool to ensure the quality and timely completion of a major construction project. It is a mechanism that has long been available to and usefully employed by the private sector. Historically, Project Labor Agreements have not been used on every single public sector project, but it is frankly poor public policy to deny local communities this option. I would point to the Marquette Interchange in Milwaukee as an example where taxpayers benefited from having a Project Labor Agreement in place. As I stated at the outset, the Marquette Interchange is a stellar example of a complicated public project that was completed on time and under budget because of the Project Labor Agreement that was put in place at the outset.

In addition to ensuring that work is done using qualified labor and appropriate wages, Project Labor Agreements often include Community Workforce Agreements that spur local employment and keep public dollars in the community where the project is being done.

What benefits do these agreements provide Wisconsin taxpayers? They ensure that a project will be completed on-time and on-budget by providing a reliable supply of highly-qualified workers at predictable cost; they improve worker safety by requiring that project safety standards are maintained on the jobsite; they include binding dispute resolution procedures for the life of the agreement; and through included Community Workforce Agreements, they create career paths for women, minorities, veterans, and other under-represented workers.

Most people would agree these are all good things for our communities. So why would anyone want to eliminate project labor agreements? Opponents will say government should not pick winners and losers, that contractors should be free to hire whom they want and pay workers as little as possible. They argue this saves tax dollars by keeping the total project costs down.

But for the kinds of projects covered by Project Labor Agreements, getting the highest return on taxpayers' investment is not a function of price alone. These projects are long-term investments in the infrastructure of our communities. True value comes from doing the job right the first time, and that means using qualified labor paid an appropriate wage. It is frankly irresponsible to try to do major infrastructure with low-skill, low-wage workers. Who on this committee would be comfortable asking your constituents to drive their children over a bargain



basement bridge built by unqualified workers from a temp agency? That is truly what is at stake here.

Others suggest that Project Labor Agreements restrict competition by shutting out non-union contractors. This is simply not true. On public projects, all contractors, union and non-union alike, are invited to bid. The only contractors who are discouraged from bidding when a Project Labor Agreement is in place are those whose business model is based on low-wage, low-skill labor, workers often from out of state and easily exploitable, and in any case, unlikely to provide real value for tax dollars spent.

Project Labor Agreements have brought us some of America's most iconic construction that have withstood the test of time: the Hoover Dam, the St. Lawrence Seaway, Disney World, and the recently completed Freedom Towers on the site of the 9/11 attacks. The value that Project Labor Agreements provide has not diminished over the years. For example, in my own city of Milwaukee, my teenage sons are eagerly watching as the new Bucks Arena takes shape, with contractors and Union labor working cooperatively and effectively under a project labor agreement.

Before you cast your vote on this bill, I would ask that you remember where you are and who you represent. Elected officials in third-world countries often cut corners on public construction projects, and their citizens frequently pay the price. Consider the recent case of the Ranza Plaza in Bangladesh. One hundred fifty workers were killed and a thousand injured when shoddy construction caused an eight-story building to collapse. After the disaster, I'm sure officials there wished they would have done more to ensure that the highest construction standards had been maintained. But for the victims, it was too late.

By allowing municipalities the freedom to utilize Project Labor Agreements, you can ensure that what happened in Bangladesh never happens in Brookfield. Or Oshkosh, or anywhere else in our state. Since the days of the New Deal, Project Labor Agreements have brought us projects that have enhanced the lives of generations of Americans. They have created quality jobs and contributed to the vitality of the middle class on which our economy rests. As elected officials, it is your responsibility to ensure Wisconsin's taxpayers that public money is spent in the most efficient and impactful way possible. When the last beam is put in place and the doors open on a new project, voters have a right to know that their hard-earned dollars have been spent wisely. They must be confident that the new project will be an asset to their community for years to come. History has clearly demonstrated that project labor agreements are an important part of that process.

This bill is the latest piece of ill-advised legislation that undermines local government and needlessly damages our ability to have a strong middle class. Project labor agreements have served taxpayers well for generations. They have fostered a cooperative approach between government, contractors and workers. A vote for this bill may serve a partisan agenda, but it utterly fails the people of Wisconsin.





Wisconsin State Assembly  
Committee on Labor  
Representative Bob Kulp, Chair  
Testimony of Associated Builders and Contractors of Wisconsin, Inc.  
Assembly Bill 24

Tuesday January 24, 2017

ABC of Wisconsin believes that public construction projects (and taxpayers) benefit from an open bidding process that attracts competitive bids from responsive and responsible contractors. This legislation is about making sure the process for procuring public construction is open to competition from all qualified Wisconsin firms by prohibiting government-mandated project labor agreements (PLAs).

A government-mandated project labor agreement is typically required in a government's solicitation for construction services and the PLA requires contractors to enter into a collective bargaining agreement with one or more labor unions as a condition of being allowed to perform work on a taxpayer funded construction project. The "agreement" in project labor agreement is that labor unions agree not to strike or walk off the project in exchange for anti-competitive and costly conditions that favor unionized contractors and labor organizations.

Government-mandated PLAs limit competition because they typically contain mandates that discourage nonunion contractors from competing for taxpayer-funded construction contracts. Examples include:

- Requirements that workers join the union or recognize the union as the sole and exclusive bargaining agents for all construction employees
- Require nonunion contractors to hire most or all employees from a union hiring hall instead of their existing workforce
- Require nonunion contractors to make contributions to union benefit plans
  - Nonunion employees will never benefit from these contributions unless they join a union and become vested
  - Nonunion contractor's benefits costs are doubled because they are required to pay into existing benefit plans and into union benefit plans



Wisconsin State Assembly  
Committee on Labor  
Representative Bob Kulp, Chair  
Testimony of Associated Builders and Contractors of Wisconsin, Inc.  
Assembly Bill 24

Tuesday January 24, 2017

Assembly Bill 24 does not ban the use of PLAs. It leaves the decision to use or not use a PLA to the private parties involved in the project. The legislation simply says that government can neither require nor prohibit the use of project labor agreements.

Proponents of government-mandated PLAs claim they are necessary to protect taxpayers from unqualified contractors because public owners are required to use a “low bid” contractor. This statement is untrue. Public owners have tools under existing law to ensure they are hiring qualified contractors and a skilled workforce.

Wisconsin law generally requires public projects to be awarded to the lowest responsive and responsible bidder and not just the bidder with the lowest price. Responsive means the bidder is in compliance with bid documents. Responsible means the contractor is capable of performing the work.

Current law allows municipalities to examine a contractor’s financial ability, work experience, equipment and “other matters that the municipality requires for the protection and welfare of the public in the performance of a public contract.” (Wis. Stat. 66.0901(2)). If the municipality is not satisfied with sufficiency of the information, they can reject the bid.

Some may argue this legislation infringes on local control. However, the process municipalities must use to award public works projects is already heavily prescribed in state statute. Including the method of bidding, determining bidder responsibility, the rejection of bids and other aspects of the bidding process. This legislation simply clarifies the appropriate role of the public owner with regard to a contractor’s labor affiliation.

ABC of Wisconsin believes the choice to enter into a collective bargaining agreement should be left to the contractor and the workers and that choice should not be mandated by the government. If PLAs deliver on all the promises their proponents claim, construction companies performing the work would adopt a PLA voluntarily.

*For more information contact:  
John Mielke, President ABC of Wisconsin  
608-244-5883 or [jmielke@abcwi.org](mailto:jmielke@abcwi.org)*





# AMERICANS FOR PROSPERITY

WISCONSIN

## Memorandum

**TO: Chairman Kulp, Honorable Members of Assembly Committee on Labor**

**FROM: Eric Bott, State Director  
Americans for Prosperity-Wisconsin**

**DATE: January 24<sup>th</sup>, 2017**

**RE: Support Assembly Bill 24 – Project Labor Agreement Neutrality**

---

On behalf of the more than 130,000 Americans for Prosperity activists in Wisconsin, I would like to thank Representatives Hutton and Kitchens and Senators Vukmir and Olsen for authoring this legislation. We would also like to offer our sincere thanks to Chairman Kulp, Vice-Chairman Kuglitsch, and the members of the committee for taking testimony today.

Assembly Bill (AB) 24 is as straightforward as legislation comes. It seeks to bring fairness to public works contracting with a simple change to the law. Under the bill, governmental units would no longer be able to mandate that a business enter a project labor agreement (PLA) as a condition of bidding on a public works project. In other words, powerful politicians could no longer deny the vast majority of Wisconsin contractors and workers the opportunity to compete for government work. We believe this change will benefit the people of Wisconsin in several ways.

By bringing fairness and free competition to public works contracting, AB 24 will protect Wisconsin workers from unfair discrimination based upon their status as belonging or not belonging to a union. According to the United States Bureau of Labor Statistics, 86.8% of the nation's private sector construction workforce is employed by a merit shop or non-union contractor. This legislation will help to ensure that the overwhelming majority of construction workers in Wisconsin have a fair opportunity to work on public projects.

AB 24 will protect taxpayers and stretch public resources further by helping to increase fair competition. It is a long held law of economics that competition reduces costs and improves quality. In the case of PLAs, the academic literature supports this maxim. Studies have demonstrated the positive effect competitive bidding has on reducing the cost of public works projects including Cornell Professor Paul G. Carr's heralded report, *Investigation of Bid Price Competition Measured through Prebid Project Estimates, Actual Bid Prices, and Number of Bidders*.

Conversely, several published reports have specifically found that the reduced competition resulting PLAs drives costs higher. For instance, the Beacon Hill Institute found in a series of studies that PLAs cause between 14 and 18 percent higher construction costs for schools when compared to similar non-PLA projects. A study from the National University Institute for Policy Research found that construction costs for schools in California were 13 to 15 percent greater for PLA projects.

In addition to protecting workers and taxpayers, AB 24 will help level the playing field for small businesses and other merit shop contractors seeking to obtain government contracts. It's patently



unfair to deny a majority of business owners the opportunity to obtain government work simply because their employees choose to exercise their right to work outside the confines of a union.

Again, we thank you for your time and consideration of AB 24. We encourage you to take swift action in advancing this bill to the floor of the Assembly. Your support will help protect thousands of Wisconsin workers, level the playing field for small businesses, lower the burden on taxpayers, and reduce opportunities for cronyism.

RE: Support Assembly Bill 24 - Project Labor Agreement Neutrality

DATE: January 24<sup>th</sup>, 2017

FROM: Eric Holt, State Director  
Americans for Prosperity-Wisconsin

On behalf of the more than 130,000 Americans for Prosperity activists in Wisconsin, I would like to thank Representatives Hutton and Kitchens and Senators Vikmark and Olson for authoring this legislation. We would also like to offer our sincere thanks to Chairman Krup, Vice-Chairman Kugachuk, and the members of the committee for taking testimony today.

Assembly Bill (AB) 24 is a straightforward and as legislation comes. It seeks to bring fairness to public works contracting with a simple change to the law. Under the bill, governmental units would no longer be able to mandate that a business enter a project labor agreement (PLA) as a condition of bidding on a public works project. In other words, powerful politicians could no longer deny the vast majority of Wisconsin contractors and workers the opportunity to compete for government work. We believe this change will benefit the people of Wisconsin in several ways.

By bringing fairness and free competition to public works contracting, AB 24 will protect Wisconsin workers from unfair discrimination based upon their status as belonging or not belonging to a union. According to the United States Bureau of Labor Statistics, 88.8% of the nation's private sector construction workforce is employed by a merit shop or non-union contractor. This legislation will help to ensure that the overwhelming majority of construction workers in Wisconsin have a fair opportunity to work on public projects.

AB 24 will protect taxpayers and stretch public resources further by helping to increase fair competition. It is a long held law of economics that competition reduces costs and improves quality. In the case of PLAs, the academic literature supports this maxim. Studies have demonstrated the positive effect competitive bidding has on reducing the cost of public works projects including Cornell Professor Paul G. Carr's heralded report, Investigation of Bid Price Competition Measured through Prebid Project Estimates, Actual Bid Prices, and Number of Bidders.

Conversely, several published reports have specifically found that the reduced competition resulting in PLAs drives costs higher. For instance, the Beacon Hill Institute found in a series of studies that PLAs cause between 14 and 18 percent higher construction costs for schools when compared to similar non-PLA projects. A study from the National University Institute for Policy Research found that construction costs for schools in California were 13 to 15 percent greater for PLA projects.

In addition to protecting workers and taxpayers, AB 24 will help level the playing field for small businesses and other merit shop contractors seeking to obtain government contracts. It's primarily



## State Committee Report - Construction State Const Craft Laborers Advisory Comm

This summary counts employers and apprentices with contract(s) active or unassigned on 10/1/2016 in trade(s) associated with this committee.

Sponsor Name Trade	Apprentices										Employers							
	Minority			Female			Union			Non-Union			Total	W/Union Appr		W/Non-Union Appr		
	#	%	3a	#	%	4a	#	%	5a	#	%	6a		#	%	8a	#	%
1	2	3	3	55	15.8	17	0.05	332	95.4	16	4.6	7	120	95.2	7	5.6		
<b>All Sponsors Total</b>	<b>348</b>	<b>55</b>	<b>15.8</b>	<b>17</b>	<b>0.05</b>	<b>332</b>	<b>95.4</b>	<b>16</b>	<b>4.6</b>	<b>7</b>	<b>5.6</b>	<b>126</b>	<b>120</b>	<b>95.2</b>	<b>7</b>	<b>5.6</b>		
<b>ABC of Wisconsin (All)</b>	<b>16</b>	<b>3</b>	<b>18.8</b>	<b>2</b>	<b>0.13</b>					<b>16</b>	<b>100.0</b>	<b>7</b>			<b>7</b>	<b>100.0</b>		
Construction Craft Laborer (186946358001)	16	3	18.8	2	0.13					16	100.0	7			7	100.0		
<b>Fox Valley Area Laborers JAC</b>	<b>42</b>	<b>3</b>	<b>7.1</b>	<b>3</b>	<b>0.07</b>	<b>42</b>	<b>100.0</b>					<b>19</b>	<b>19</b>	<b>100.0</b>				
Construction Craft Laborer (186946358001)	42	3	7.1	3	0.07	42	100.0					19	19	100.0				
<b>Northwest WI Constr Craft Laborers JAC</b>	<b>53</b>	<b>3</b>	<b>5.7</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>100.0</b>					<b>20</b>	<b>20</b>	<b>100.0</b>				
Construction Craft Laborer (186946358001)	53	3	5.7	0	0	53	100.0					20	20	100.0				
<b>SE WI Construction Craft Laborers JAC</b>	<b>114</b>	<b>32</b>	<b>28.1</b>	<b>7</b>	<b>0.06</b>	<b>114</b>	<b>100.0</b>					<b>46</b>	<b>46</b>	<b>100.0</b>				
Construction Craft Laborer (186946358001)	114	32	28.1	7	0.06	114	100.0					46	46	100.0				
<b>South Central Constr Craft Laborers JAC</b>	<b>77</b>	<b>14</b>	<b>18.2</b>	<b>5</b>	<b>0.06</b>	<b>77</b>	<b>100.0</b>					<b>33</b>	<b>33</b>	<b>100.0</b>				
Construction Craft Laborer (186946358001)	77	14	18.2	5	0.06	77	100.0					33	33	100.0				
<b>SW WI Area Const Craft Laborers JAC</b>	<b>46</b>	<b>3</b>	<b>6.5</b>	<b>1</b>	<b>0.02</b>	<b>46</b>	<b>100.0</b>					<b>16</b>	<b>16</b>	<b>100.0</b>				
Construction Craft Laborer (186946358001)	46	3	6.5	1	0.02	46	100.0					16	16	100.0				



WISCONSIN STATE ASSEMBLY  
**Christine Sinicki**  
STATE REPRESENTATIVE

---

*(Excerpted from the website of the **National Right to Work Legal Defense and Education Foundation, Inc.**, <http://www.nrtw.org/rights-hiring-hall-private/>)*

**“What are my rights if I must obtain work through a union hiring hall?  
(for non-union, private sector employees)**

“If you must use a union hiring hall to obtain work with an employer, it is likely that the employer has an "exclusive" hiring hall agreement with the union. An "exclusive" hiring hall arrangement means that the employer has agreed to hire only employees referred from a union hiring hall.

“You cannot be required to join a union to obtain work through an exclusive hiring hall. Under the National Labor Relations Act, employees have the legal right not to be union members. Moreover, an exclusive union hiring hall cannot discriminate against employees because of their nonmembership in the union, and must apply the same non-discriminatory rules to both union members and nonmembers who seek work through the hall....

“Whether nonmembers can be forced to pay monies to a union to obtain work through an exclusive hiring hall depends on whether you are in a Right to Work state....”

---

National Right to Work Legal Defense and Education Foundation, Inc.  
8001 Braddock Road / Springfield, Virginia 22160  
(703) 321-8510 | (800) 336-3600 / (703) 321-9613 fax - general (703) 321-9319 fax -  
legal department



My Name is Josh Garner; I live in Franksville, WI and have been a proud member of Sheet Metal Workers Local 18 for the last 19 years. After serving my country in the United States Navy, I returned home to WI and started my journey on a pathway that has led me here today. I currently hold the position of Statewide Organizer with Local 18. And, I'm here today to speak in opposition of Assembly bill 24 and Senate bill 3.

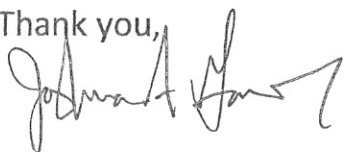
I think Craig and Keith did a great job of stating and representing our concerns and won't repeat more of the same. However, I will comment on what I see and deal with on a day-to-day basis as an organizer in the construction industry.

I'm constantly working with and assisting non-union workers that have been exploited in one way or another by their employers. Unprincipled contractors are very good at subverting the law to win bids. They will submit drastically low bids knowing they have no intention of following prevailing wage laws, even when mandated by law. These contractors are increasingly engaged in misclassifying their employees as "independent contractors" in order to avoid paying Workers' Compensation and Unemployment Insurance benefits (which allow them to submit an even lower bid – while simultaneously ripping off the taxpayers by not paying requisite taxes). In some cases they utilize undocumented and illegal workers and pay them sub-standard wages. And finally, these contractors are not adverse to using inferior materials, and taking unsafe shortcuts that put workers, as well as the project itself, in danger.

These unprincipled contractors operate this way because there is very little enforcement of the laws or oversight being conducted. When and if they are caught they may have to pay restitution, a small fine, or get a slap on the hand. They just accept it as the price of doing business (oh well... I guess I got caught this time).

PLA's can be a tool for local communities to protect the workers that live there! PLA's are good for communities and for workers, not just unions. We should be here today discussing ways to strengthen PLA's and worker protections instead of elimination at tax payers' expense!

Thank you,

A handwritten signature in black ink, appearing to read "Josh Garner", with a stylized flourish at the end.